

## SENATE BILL No. 338

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-10.2-4.

**Synopsis:** Contributions to PERF pension benefit. Provides that a member of the public employees' retirement fund may choose at retirement to make a contribution to the pension portion of the member's retirement benefit using all or a part of the amount credited to the member in the annuity savings account.

**Effective:** July 1, 2009.

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January 8, 2009, read first time and referred to Committee on Pensions and Labor.

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Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

## SENATE BILL No. 338

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 5-10.2-4-1.3, AS AMENDED BY P.L.115-2008, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1.3. (a) A member who files an application for retirement benefits must provide the following information on the application form:

- (1) The retirement date chosen by the member.
- (2) If the member has not elected to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5, whether the member chooses:
  - (A) an annuity purchased from the amount credited to the member in the annuity savings account;
  - (B) a total or partial distribution from the annuity savings account under section 2(b) of this chapter; ~~or~~
  - (C) a deferral of the payment of any benefits from the annuity savings account under section 2(c) of this chapter; **or**
  - (D) for a member of the public employees' retirement fund who retires after June 30, 2010, the contribution to the**



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**pension portion of the member's retirement benefit using all or a part of the amount credited to the member in the annuity savings account under sections 2(d) and 2.3 of this chapter.**

(3) The name of the beneficiary or beneficiaries designated by the member with respect to the pension portion of the member's retirement benefit.

(4) The name of the beneficiary or beneficiaries designated by the member with respect to the annuity portion of the member's retirement benefit, unless the member chooses total distribution under section 2 of this chapter.

(b) A member's designation of beneficiaries in the application for retirement benefits supersedes any previous designation of beneficiaries by the member.

(c) A member must indicate the name, address, date of birth, and Social Security number of each designated beneficiary and provide proof of birth of each designated beneficiary.

(d) Each board shall adopt a form for the application for retirement benefits that meets the requirements of this section.

SECTION 2. IC 5-10.2-4-2, AS AMENDED BY P.L.115-2008, SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. (a) Unless a member elects otherwise under this section or has elected to withdraw the member's annuity savings account under IC 5-10.2-3-6.5, the retirement benefit for each member consists of the sum of a pension provided by employer contributions plus an annuity provided by the amount credited to the member in the annuity savings account. If a member has elected to withdraw the member's annuity savings account under IC 5-10.2-3-6.5, the member's retirement benefit is equal to the pension provided by employer contributions, unless the member has transferred the creditable service earned under the public employees' retirement fund to another governmental retirement plan under IC 5-10.2-3-1(i).

(b) If a member has not elected to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5, a member may choose at retirement or upon a disability retirement to receive a distribution of:

(1) the entire amount credited to the member in the annuity savings account; or

(2) an amount equal to the member's federal income tax basis in the member's annuity savings account balance as it existed on December 31, 1986.

If the member chooses to receive the distribution under subdivision (1),

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the member is not entitled to an annuity as part of the retirement or disability benefit. If the member chooses to receive the distribution under subdivision (2), the member is entitled to an annuity purchasable by the amount remaining in the member's annuity savings account after the payment under subdivision (2).

(c) Instead of choosing to receive the benefits described in subsection (a) or (b), if a member has not elected to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5, a member may choose upon retirement or upon disability retirement to begin receiving a pension provided by employer contributions and to defer receiving in any form the member's annuity savings account. If a member chooses this option, the member:

(1) is not entitled to an annuity as part of the member's retirement or disability benefit, and the member's annuity savings account will continue to be invested according to the member's direction under IC 5-10.2-2-3; and

(2) may later choose, as of the first day of a month, or an alternate date established by the rules of each board, to receive a distribution of:

(A) the entire amount credited to the member in the annuity savings account; or

(B) an amount equal to the member's federal income tax basis in the member's annuity savings account balance as it existed on December 31, 1986.

If the member chooses to receive the distribution under subdivision (2)(A), the member is not entitled to an annuity as part of the member's retirement or disability benefit. If the member chooses to receive the distribution under subdivision (2)(B), the member is entitled to an annuity purchasable by the amount remaining in the member's annuity savings account after the payment under subdivision (2)(B). If the member does not choose to receive a distribution under this subsection, the member is entitled to an annuity purchasable by the entire amount in the member's annuity savings account, and the form of the annuity shall be as described in subsection ~~(d)~~ (e) unless the member elects an option described in section 7(b)(1), 7(b)(2), or 7(b)(4) of this chapter. The amount to be paid under this section shall be determined in the manner described in IC 5-10.2-2-3, except that it shall be determined as of the last day of the quarter preceding the member's actual distribution or annuitization date. However, each board may by rule provide for an alternate valuation date.

**(d) This subsection applies to a member of the public employees' retirement fund who retires after June 30, 2010. If a member does**

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not elect to withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5 or to receive a distribution from the member's annuity savings account under subsection (a), (b), or (c), the member may choose to contribute to the pension portion of the member's retirement benefit using all or a part of the amount credited to the member in the annuity savings account as provided in section 2.3 of this chapter.

(d) (e) Retirement benefits must be distributed in a manner that complies with Section 401(a)(9) of the Internal Revenue Code, as specified in IC 5-10.2-2-1.5.

SECTION 3. IC 5-10.2-4-2.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: **Sec. 2.3. (a) This section applies to a member of the public employees' retirement fund who retires after June 30, 2010.**

(b) If a member does not:

(1) withdraw the entire amount in the member's annuity savings account under IC 5-10.2-3-6.5; or

(2) receive a distribution from the member's annuity savings account under section 2(a), 2(b), or 2(c) of this chapter;

the member may elect upon retirement or disability retirement to contribute to the pension portion of the member's retirement benefit using all or a part of the amount credited to the member in the annuity savings account.

(c) For a member who elects to make the contribution described in subsection (b), the pension portion of the member's retirement benefit consists of:

(1) an annuity provided by employer contributions to the pension portion determined under IC 5-10.2-2-11; plus

(2) an annuity provided by the member's contribution to the pension portion under this section.

(d) The actuarial assumptions, including the cost of living adjustment assumptions, used to determine normal contributions for the member's employer under IC 5-10.2-2-11 apply to the member's contribution under this section.

(e) If a member elects to contribute to the pension portion of the member's retirement benefit using only a part of the amount credited to the member in the annuity savings account, the member shall receive the remainder of the member's annuity savings account as a lump sum distribution.

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